

## Alternative 2 Major Cost And Revenue Assumptions

### 1. Capital Cost Assumptions:

Inflation Factor	2.50%
Cost of Construction	\$154,750,000
Weighted Average Cost of Capital	8.50%
Income tax rate	40.53%
Production Tax Credits:	
PTC Rate (\$/MWh)	\$22.08
Years Available	10 years
Asset life	25 years
AFUDC	\$13,280,000

### 2. Operating Cost Assumptions (Year one)

Transmission expense - Taxes & Maintenance	\$100,000
Specific Facility Charges	0
Annual O&M	\$1,575,000
Site Maintenance	\$16,000
Electrical Usage	\$9,000
Permit Mitigation/Misc Environmental Costs	\$300,000
Project Administration	\$36,000
Insurance	\$50,000
Land Owner Payments	\$300,000
Lowell Agreement & Good Neighbor Fund	\$1,140,000

### 3. Revenue Assumptions:

On-Line Date	December 31, 2012
Number of Units	21
Capacity per Unit kW	3,000
Capacity for Project	63,000
Capacity Factor	28.42%
Output per unit kWhs	7,469,000
Plant out put in kWhs	156,844,000 <sup>1</sup>
Availability factor	100.00%
Loss Factor	4.76%
A&G adder	1.80%
RECs Sold: Percentage	100.00%

### 4. Depreciable Lives

Generation	25 years
Transformer	37 years
Road ways	55 years
Cost of removal	25 years

<b>5. Levelized Cost of Service</b>	\$14,940,000	100.00%
	\$.115 per KWH	

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<sup>1</sup> Prior to loss factor being applied.